BUILDING ON STRENGTHS: A COMMUNITY-BASED APPROACH

Economic Development and Tourism

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February 1990

MINISTER'S INTRODUCTION

A MESSAGE FROM THE HONOURABLE GORDON WRAY, MINISTER RESPONSIBLE FOR ECONOMIC DEVELOPMENT AND TOUPISM

Today we have one of the fastest growing economies in Canada and prospects for the 1990's are encouraging. Not only is the economy growing but it is becoming better integrated. Growth in small business employment is particularly encouraging. Corporate and Government economic planning for the Northwest Territories has been dominated by the need to prepare for major non-renewable resource development. After decades of investing in the development of our natural resources we have a much better understanding of their economic potential and their linkages to other parts of the economy. There is no question that the potential contribution to the economy of our natural resources is exceptional but there is much more to our economy. Much more.

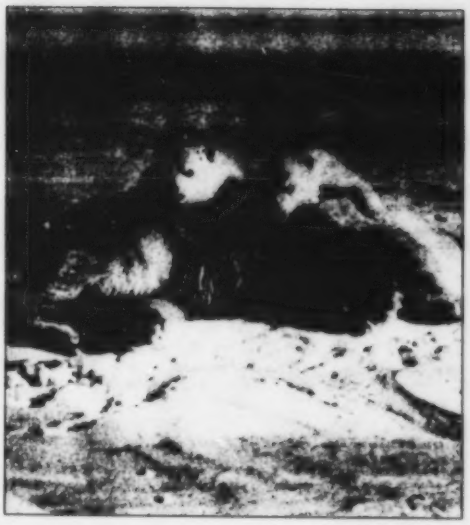
Our experience tells us that we cannot depend on our non-renewable resources as the sole basis for economic growth. Efforts must be made to diversify our economy and to develop opportunities which will employ available skills.

Despite recent economic growth, often obscured is the fact that not all people have benefitted. For many people, economic conditions have not changed. The loss of incomes from furs has been particularly dramatic in the Eastern Arctic. I am particularly concerned about our young people just now entering the work force.

We have listened to you when you spoke to the Special Committee on the Economy asking for jobs and for more participation in the development and implementation of an economic plan for the Northwest Territories. I am particularly thankful to those business leaders who provided me advice as we were developing the department's strategy. We have taken this direction and developed a plan for economic development built on our strengths and our traditions. We have developed plans for revitalizing our Arts and Crafts Industry, for providing ways to assist local people to set up or operate businesses, for maximizing income and employment opportunities in the Renewable Resource and Tourism Industries.

However, the Department's economic strategy, "Building on Strengths: A Community Based Approach", is just a plan and will not by itself create jobs. To be successful we must all work together, business, government and the people of the NWT. If we are to share the benefits from economic growth we must share the burden by working hard and gaining the skills necessary to meet our economic objectives.

I am confident that together we can do it.



SECTION 1

INTRODUCTION

WHY THE STRATEGY WAS UNDERTAKEN

As the Northwest Territories enters the last decade of the 20th century, its economy is generally buoyant and prospects are positive. However, the prosperity that one expects from a healthy economy is limited to only the larger centres which have mature, well established businesses and infrastructure. The economic prospects for people living in the remaining communities is not nearly as promising.

If the current trend is continued the differences in the standard of living between people living in the smaller traditional communities and those living in urban or resource-based (non-renewable) communities will widen. Action must begin now.

We must find ways to address the underlying problems of the economy and to capitalize on the opportunities by building on our strengths. In the NWT we have areas where there are shortages of skilled labour and others where there are no jobs. The solution is not simply a matter of moving unemployed people to places where there are surplus jobs. In many cases people do not have the skills necessary to take these jobs. These fundamental problems require long term solutions.

In May 1989, the Executive Council put the overall responsibility for coordinating and completing an economic strategy in the hands of the Minister of Economic Development and Tourism. The instructions were to produce a comprehensive blueprint for balanced economic growth in the NWT. To do so, the policies and programs of departments, agencies and crown corporations were thoroughly examined to assess their potential economic impact.

Many questions were asked and numerous issues examined. What resources, goods and services are in demand? Are there enough skilled people available to do the work? Is more modern technology needed? What will the benefits be? These are just some of the questions also asked by new entrepreneurs, by a business owner planning to expand, or by anyone interested in assuring there is a sound basis for future economic growth.

Seeking answers to these questions, information was collected on NWT human and natural resources, on the market potential for NWT produced goods and services and on the role the government plays in the economy as a consumer and as a policy maker.

We must find ways to address the underlying problems of the economy and to capitalize on the opportunities by building on our strengths.

WHAT THE STRATEGY SHOULD ACCOMPLISH

The Special Committee on the Northern Economy defined an economic strategy as "a plan of action - something to guide and direct the activities of an organization". The Special Committee concluded that any successful economic strategy must address the real disparities between the developed and underdeveloped communities. Our strategy tries to do just that by building on our strengths in the short term. In the longer term the strategy addresses fundamental problems in our economy such as building a trained labour force needed to promote long term growth. The specific objectives of the strategy are:

- Reduce employment and income disparities between and within communities and regions
- Promote growth and diversification
- Ensure that NWT residents receive a larger share of the benefits of Economic Development.

SCOPE

This strategy complements the overall GNWT economic strategy: Economy in Transition: an Agenda for Action. This specific strategy, however, focuses on economic development through business development and job creation. Within this context the strategy is comprehensive in identifying specific actions to be undertaken by the Department of Economic Development and Tourism. These actions are needed to develop the labour force, to overcome unnecessary regulatory or administrative barriers to development and to invest in public or business infrastructure needed to stimulate underdeveloped industries.

ORGANIZATION OF THE STRATEGY

This strategy entitled, Building on Strengths: A Community Based Approach, describes a general plan for business development and job creation for the next five years. Specific initiatives begun as a result of this strategy may continue beyond that period. In addition to this strategy the four sector strategies: Small Business, Renewable Resources, Arts and Crafts and Tourism contain specific development targets which will guide future Department of Economic Development and Tourism program and policy initiatives.

SECTION 2

SUMMARY OF ECONOMIC ISSUES IN THE NWT

Research and analysis of several economic indicators was needed to draw conclusions about the issues that must be addressed in the Department's economic strategy. Highlights of these issues are given below:

1. Unemployment in the NWT is high especially among the small and medium size communities where most native people live. For example, the unemployment rate in Yellowknife is 5% while in Rae Lakes it is 56% and in Gjoa Haven, 52%.
2. Wealth is concentrated in the major centres or in the hands of only a few people in medium-sized and small communities. Per capita incomes in group 1 or urban communities such as Yellowknife or Hay River are almost two-thirds higher than those in small, traditional communities. In fact, the five urban centres in the NWT account for 71% of all income.
3. Every year the number of jobs available is increasing, but the demand for jobs is growing at a faster rate. Major causes of this growing gap are the young people entering the labour force for the first time and other people switching to the wage economy from the traditional economy. Between 1984 and 1989, 2,553 or 14% more people were employed yet the labour force grew even more, to 2,941.
4. Obtaining people with technical and professional skills continues to be a chronic problem. It is still necessary to import most skilled workers. Over 80% of people who live in the urban communities were born outside of the NWT.
5. The NWT is not only dependent on skilled labour, we are also dependent on southern Canada for much of our food, manufactured products and professional and technical services.
6. Economic problems do not necessarily result from poor growth. They are the result of a poorly integrated and structured economy. We are losing out on many opportunities, such as processing of our raw materials.
7. Many Northerners do not have the training and jobs skills which would allow them to take new jobs as they become available. Grade 10 is a basic requirement for most types of jobs and 36% of our labour force has less than grade 10.
8. About two-thirds of the new jobs required by the year 2000 are needed in medium size and small communities. In these communities, unemployment is highest, and unless trends change, it appears that the majority of aboriginal people will continue to live in these traditional communities close to traditional family units. Population growth for the NWT is also expected to continue to be highest among aboriginal people.
9. In the short term, to ease the unemployment problem in the traditional communities, the jobs created must use available skills.

In summary, if trends do not change, the labour force will continue its dramatic growth as young people seek careers in the wage economy and as people wish to supplement earnings from the traditional economy. The challenge in the short term will be to create jobs which can utilize available skills while assuring that culture and lifestyles can be maintained. In the long term we have to become more self sufficient in meeting our needs for trained workers.

SECTION 3

FOUNDATIONS FOR GROWTH

THE PEOPLE

Our most valuable resource is our people. A dynamic and skilled labour force is essential to achieving economic development. Japan's strong economic performance has been linked to its intensive education program; Germany's to its long term and professional approach to trades training, while Sweden's commitment to spend 9.1% of its Gross Domestic Product (GDP) on education, the highest of any developed nation, demonstrates the value that nation places on education. In the NWT, the Department of Education's budget is 10% of our GDP.

The NWT population has a variety of talent and skills. Our aboriginal people, in particular, have unique skills that are recognized throughout the world. Their ability to live in harmony with the land as well as their artistic talents are recognized world-wide.

However, our population is not as technically prepared as other areas of Canada. The percentage of 17 year old residents in education is 52%, which is 20% less than the Canadian average and far less than international standards.

Overall:

- 36% of the NWT's labour force has less than Grade 10 education;
- Only 2% of the aboriginal population has attended university compared to 28% of the non-aboriginal population;
- The functional illiteracy rate in English among our aboriginal population is 74%.

Like other resources, the potential of our labour force can only be fully assessed by looking at a variety of measures:

- Size;
- Rate of growth;
- Density;
- Diversification; and,
- Mobility.

Next to the Yukon we have the smallest population of any jurisdiction in Canada; our population could increase by 800% and we would still be only 1% of the nation's total. Given our large area, this also means that people are few and far between; we have less than 1 person for every 100 square miles.

We also have the fastest growing population in Canada. Even though the closure of two "resource" communities (Pine Point and Tungsten) has resulted in more people moving out of the NWT than moving in, this has been more than offset by our rate of natural increase, which is more than 50% higher than the national average.

On an ethnic basis the NWT is unique. We are also the only jurisdiction in Canada where aboriginal people constitute a majority. In percentage terms:

- 35% of the population are Inuit or Inuvialuit;
- 16% are Dene;
- 7% are Metis; and,
- 42% are of non-aboriginal ancestry.

Like other areas of Canada, the regional distribution of the NWT's population is changing. The population is becoming more concentrated or urbanized. Although there are 61 communities, two thirds of these have a population of

less than 600 people. Furthermore, almost 50% of the total population now lives in the five largest communities.

Unlike other parts of Canada, there is a definite ethnic split between the "urban" or "rural" areas. The vast majority of aboriginal people, 75%, live in communities of less than 2,000 people. The opposite is true for non-aboriginal residents; 68% of this group live in the NWT five largest communities (Yellowknife, Iqaluit, Hay River, Inuvik and Ft. Smith).

THE LABOUR FORCE

For the most part, the NWT population is young. Only 3% is over 65 years of age and the potential labour force, which is defined as everyone between the ages of 15 and 64 years of age, represents 70% of the population. Thus, unlike the rest of Canada where the youth population is declining, the NWT's is actually increasing.

Not everyone between the ages of 15 and 65, however, wants or is able to work. Aside from physical impediments, people may be unable or decide not to seek wage employment for a number of reasons, including:

- Limited employment availability;
- A poor match between available skills and jobs;
- People deciding to be homemakers; and,
- Attachment to traditional lifestyles.

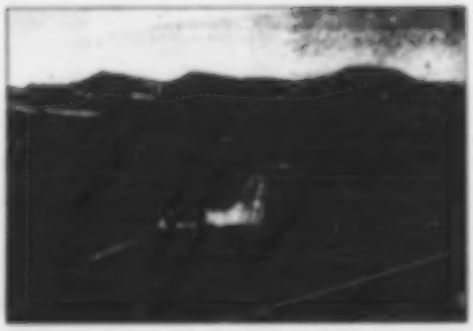
As would be expected within a region as large and diverse as ours, the percentage of people wanting employment varies substantially between regions and communities. Approximately 70% of the working age population, 24,255, are either working or actively searching for work. Nationally, participation in the wage economy ranges from a low of 51% in Newfoundland to a high of 71% in Alberta.

Participation also varies on a regional and ethnic basis. Among aboriginal people participation is only 58% compared to 88% for non-aboriginal residents. Regionally, the lowest participation rates are found in the Kitikmeot, 56%, while the highest are found in the Fort Smith region, 77%. On a community basis the highest participation rates are found in communities with a non-renewable resource economic base, while the lowest are found in small, traditional communities:

- Nanisivik 91%
- Norman Wells 83%
- Yellowknife 87%
- Rae Lakes 29%
- Bathurst Inlet/Bay Chimo 10%

Interestingly, the relationship between opportunities and labour force participation is not always evident. For example, within the area surrounding the community of Hay River, referred to as the "Hay River Corridor", unemployment is lower and labour force participation far higher than on the Hay River Reserve.

THE LAND



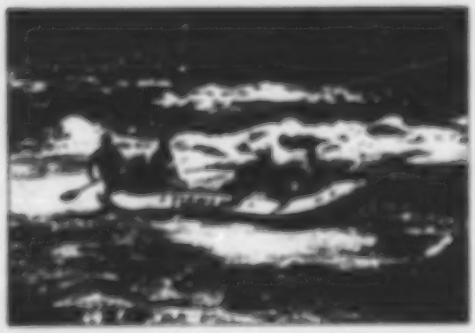
In many ways the economy is a product of our geography. The NWT is a vast territory, accounting for more than one-third of Canada's land and almost 20% of its freshwater. This means that all the provinces bordering the Atlantic Ocean (Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Quebec) as well as the Pacific Coast province (British Columbia) combined could fit within the NWT, with room remaining for our sister territory, the Yukon.

The NWT is also first in a few other areas. We have the nation's longest river, the Mackenzie; second largest lake, Great Bear; and largest island, Baffin Island. And, although we are not often thought of as a maritime region, we account for 24% of Canada's coastline.

Canada has 17 distinct geological areas, each with unique characteristics. Eight of these areas are in the NWT. As a result, the NWT has an extensive and varied inventory of mineral resources, ranging from minerals and oil and gas through to the world's oldest rocks.

We are also a land of extremes. Average temperatures in July range from a low of 4 degrees Celsius in Resolute Bay to a high of 17 degrees in Fort Simpson. In southern areas summers generally last about three months, with temperatures averaging around 10 degrees. North of the treeline, freezing temperatures may occur during any month.

Because of our vast size, we also include 4 of Canada's 6 time zones. Our most easterly zone, Atlantic Standard, is 3 hours behind Mountain Standard, the most Western.



HERITAGE RESOURCES

The NWT includes 4 major national parks and reserves: Wood Buffalo (1922), Nahanni (1972), Auyuittuq (1972), and Ellesmere Island (1988). In area these account for around 60% of all Canada's parks. Two parks, Wood Buffalo and Nahanni, are internationally recognized as "World Heritage Sites". At least four other potential national parks have been identified in the East Arm of Great Slave Lake, Banks Island, Wager Bay, and North Baffin Island/Lancaster Sound.

Rivers have always been integral to the Territorial economy and its residents. There is currently one "heritage river", the South Nahanni, with two more being nominated, the Thelon and the Kazan. Such a designation provides national recognition of the outstanding natural, cultural, and recreational values of these rivers.

This program ensures the natural, historic and recreational values of these river systems, so essential to the continuing growth of our tourism industry, will be maintained.

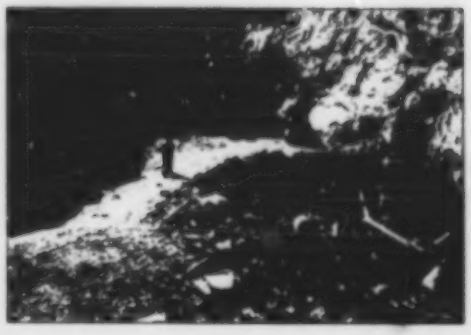
THE RESOURCES

Resource development has always been key to territorial development. From earliest times forests, fish, wild game and fur-bearing animals have been harvested for food, shelter and clothing. Although these renewable resources have and will continue to play a key role in the development of the NWT, their monetary contribution has been dwarfed by non-renewable exports.

Of the NWT's $1 billion in exports,

- Mining accounts for around 73%
- Followed by oil at 26%
- Combined renewable resource exports account for the remaining 1%.

Looking just at "cash" exports, however, underestimates the value of renewable resources. The personal harvesting of renewable resource products for food, clothing, heat and many other items saves us millions in imports. The value of this harvest is estimated at over $52 million.



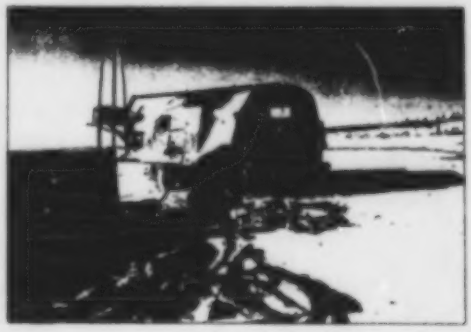
WILDLIFE

The harvest of wildlife for trade or personal use has a long history within the NWT. Surplus food has been traded for other types of food or used to acquire desired goods. In recent years, the cash value of wildlife has been greatly enhanced by the introduction of guided big game hunting, nature trips and other forms of commercial development. Big game and upland game species include caribou, moose, musk-ox, polar bear, black bear, grizzly bear, Dall's sheep, wolf, ptarmigan and grouse.

Game animals are also harvested for sale as "country foods". The five major country food products are Caribou, Musk-ox, Whitefish, Lake Trout and Arctic Char. Other products, such as whale meat, seal meat and other fish are largely harvested for local resale on a smaller scale.

The current annual commercial quota for musk-ox and caribou is about 7,000 animals. Only about 18% of this allotment is harvested. A similar situation exists for the fishery; in almost all areas commercial quotas are underutilized.

Wildlife harvested by trappers includes the beaver, Arctic and red fox, lynx, marten, mink, muskrat, wolf and wolverine. The NWT has always been an important supplier of wild fur pelts in Canada, particularly of Polar Bear, White Fox, Lynx and Martin pelts. But in percentage terms, we only account for 5% of Canada's total production. Fur farming in Canada accounts for around 50% of the production.



The NWT fur industry was hard hit by the collapse of the market in 1982 and later by the European Economic Community's ban of products containing fur from either whitecoat harp seal and blue back hooded seals. Even though some NWT species were not included, this ban effectively destroyed the market. Although the collapse of the market reduced the value of NWT exports by only $870 thousand, its significance was greater than the dollar loss might suggest. In many small communities, particularly in the eastern Arctic, the sale of seal skins provided one of the few sources of revenue.

These downturns are reflected in the current make-up of the fur market. Whereas the Eastern and Central Arctic contributed 43% to the fur harvest in 1981, they now only contribute around 10%. Most sales now originate within the two Western regions.

Another important wildlife harvest is fish. Popular species, harvested both commercially and for sporting purposes, include Northern pike, Arctic Grayling, lake trout, Arctic Char, whitefish and pickerel. A marine fishery also exists, which includes scallops, "Greenland Sharks", turbot, shrimp and other marine species.

And finally, marine mammals have provided an important source of ivory and other products. Much of this product is used in the production of local carvings and other artistic products.

FORESTS

Although much of it is currently uneconomical to harvest, the NWT has large forest reserves. Current inventories of forest land represent 20% of the NWT's total area, and 15% of Canada's total inventories. Of this total, 143,000 square kilometers or 23% is considered "productive" forest land.

The annual allowable cut of forest products is 25 million board feet. Much of this quota is unused, as the harvest has never exceeded 5 million board feet. The area of greatest potential is the Liard Valley, where an annual harvest of 20 million board feet could be maintained.

AGRICULTURE

Much of the NWT's land area is unsuited for agriculture because of the harsh climate and distance from markets. However, there is a total agricultural production of $1.8 million including some interesting and successful ventures such as a 50,000 bird layer facility, and a cow-calf cattle operation consisting of 50 head/year.

The largest commercial operation is the reindeer herd in the Inuvik region with an estimated 12,000 animals. Aside from reindeer meat, new markets for traditional by-products such as antlers have also developed.

In total the NWT has over 4.3 million hectares of potentially arable land. However, much of this cannot be used for large scale commercial agriculture. 2.9 million ha are suitable only for cereal, forage and vegetable production.

MINERALS

The NWT is known for its minerals and mining. Even prior to European contact, aboriginal residents used non-metallic minerals such as soapstone and flint to fashion tools and for the manufacture of art. There was also limited exploitation of metallic minerals; for instance, until the 1920's aboriginal people mined copper deposits in the Coppermine River/Coronation Gulf areas. Some use was also made of the lead deposits in the Hay River/Pine Point area.

Commercial development by Europeans also began early. In 1876 some 14.5 tonnes of mica, worth over $120,000 at the time, were mined in the Cumberland Sound area of Baffin Island. The NWT's first commercial mine was the Eldorado Mine at Port Radium, which began production in 1932.

Most NWT mines now concentrate on gold. Today's prices and new advances in processing have made it a profitable commodity. Because of its high value to weight ratio, and its adaptability to small operations, gold is able to overcome the high cost of shipping and distance to market faced by other

mineral developments in the NWT.

Other important commodities within the NWT include lead, zinc, and cadmium. Aside from these minerals, important finds of uranium and rare earths have also been made in the NWT.

OIL AND GAS

Established reserves of crude oil and natural gas are significant in the NWT. Current crude oil reserves are around 10% while gas reserves are around 24% of Canada's. The recent approval by the National Energy Board allowing for the shipment of gas to the U.S. is an encouraging development for the future of this industry.

SECTION 4

AN ECONOMIC SNAPSHOT

AN ECONOMIC SNAPSHOT

The most widely used measure of economic growth is the GDP or Gross Domestic Product. Simply put, it is the economy's income or profit and loss statement. On the income side of the ledger, GDP tallies the value of all purchases, production and investment. On the expense side, the GDP sums all imports of all goods and services needed to produce territorial goods and services. The difference between these imports and the total value of local purchases plus exports equals the NWT's economic growth or GDP.

By this measure the NWT economy has done extremely well. Over the past decade our GDP growth has been the fastest in Canada, at times exceeding 20% per year.

The GDP is also a useful measure for assessing the economic impact of major resource developments, such as the Norman Wells pipeline and Beaufort exploration. These major hydrocarbon activities show up as a large increase in investment; in 1985, for example, resource investment amounted to almost $1 billion compared to $136 million in government investment. However, over this period the net impact of these large investments tended to concentrate benefits in only a few communities. As non-renewable investment rose, imports increased by an almost equal amount, and conversely, as investment fell, imports declined. The overall impact of these large investment swings was minimal in terms of the creation of long term jobs in smaller communities.

The major determinants of territorial growth and the GDP, in order of magnitude are trade and service businesses (including construction, transportation and retail), followed by government and the mining industry. In percentage terms:

- Mining accounts for 26%;
- Government 28%;
- Construction 14%;
- Personal and Business Services 9%;
- Retail Businesses 8%; and,
- Transportation 6%.

Labour Force Characteristics

- Throughout the NWT about 56% of aboriginal people of working age are in the labour force.
- 88% of working-age non-aboriginal people are in the labour force.
- 64% of all employed persons in the NWT were born outside the NWT.
- 27% of persons employed in small, traditional communities were born outside the NWT.
- 84% of persons employed in urban centres were born outside the NWT.
- A significantly greater number of aboriginal workers are looking for work than non-aboriginal workers. The GNWT Labour Force Survey found that of the 8,776 people indicating they wanted a job, 89% were aboriginal people.
- Slightly over one-half of the aboriginal people wanting a job are prepared to move to another location to get a job. Most non-aboriginal people wanting a job are prepared to move to get a job.
- In all regions of the NWT fewer women than men are in the labour force. On average, 76% of the male working age population works or is looking for work, compared to 63% of women.

Examining the GDP and comparing Territorial performance to other areas reveals a lot about the economy, but it would be a mistake to rely solely upon this measurement. The GDP is a territorial measure. Many community or regional problems are lost in the averaging process; to get a more complete picture of the economy, other statistics need to be examined.

POPULATION AND EMPLOYMENT

Sixty percent of the population lives in the North and South Slave, Deh Cho and Inuvik regions. In the Eastern and High Arctic regions, aboriginal residents represent the majority, 80%, while in the two western regions, non-natives represent the majority, or 60% of the population.

The non-aboriginal population also prefers a more "urban" lifestyle. Seventy-seven percent (77%) of the non-aboriginal population live in the largest communities while most aboriginal residents, 76%, live in small, rural communities. The size of the potential labour force, or the portion of the population between 15 and 65 years of age, is 36,400 or 70% of the total. Out of this group, 55% of the aboriginal potential population is either working or actively looking for work compared with 84% of the non-aboriginal population. When measuring unemployment, official statistics exclude persons not actively searching for work. This fairly restrictive classification may lead to inaccuracies within the NWT, especially within small communities where everyone knows when a job is available; no one has to actively search for employment. Even with this deficiency, however, unemployment rates reveal important trends within the NWT economy. Between 1981 and 1986 unemployment rates increased by 6% to around 14%, a trend consistent with Canadian averages. However, unlike southern Canada this increase resulted more from an increasing preference for wage employment than an economic slowdown. The percentage of the population looking for wage employment increased by 5%, and accounted for almost all increased unemployment. In fact, employment kept pace with population growth, increasing by about 27%.

WHERE ARE JOBS NEEDED MOST?

The GNWT Bureau of Statistics estimates that by the year 2000 an additional 2,355 jobs will be required to maintain even current levels of labour force participation, and employment. Almost 60% of these new jobs will be required in small and medium-sized communities. Even more jobs are needed if the

Characteristics of the Unemployed

- Unemployment is highest among the young, people between 15 and 24 years of age. Further, about 74% of this age group, who were not working in 1989, indicated that they wanted a job.
- In 1989, 15% of the female labour force was unemployed compared to 17% of the male labour force.
- In small, traditional NWT communities, unemployment rates are significantly higher than those in urban centres, 27% compared to 7%.

unemployment rates in smaller communities are to drop to levels now experienced in urban centres. To equalize employment rates, 4,120 more jobs will be required in smaller communities, as well as over 900 more jobs in urban centres.

WHAT KIND OF JOBS ARE AVAILABLE?

The number of jobs required is only one part of the 'employment equation'. The type of jobs and the skills and knowledge that have been, and will be required, are equally important. During the 1980's, all industries had an abundance of jobs in skilled management, administration, clerical, sales, service and the construction trades occupations. In urban centres, most of these jobs were filled by people born outside of the NWT In small and medium-sized communities, jobs available in the sales, service, clerical, maintenance, construction and equipment operating occupations are filled by people born in the NWT. But, many other jobs have to be filled for essential services to be provided. These include management, teaching, social services and health positions and these have usually been filled by people who have migrated to the NWT.

- 19% of employed persons work in management and administrative related occupations and over three-quarters of these are people born outside the NWT.
- Of the 7% employed persons working in repair, machining, processing and mining occupations, two thirds were born outside the NWT.
- A third of employed persons work in clerical, sales and service occupations and 58% of these people were born outside the NWT.

A look at the types of jobs being created now, gives a good picture of which jobs will be most available in the future and the skills and education required.

Most of the growth occupations during the 1980's required at least Grade 10, with some job-specific skills such as in communications, business or management.

In 1986, 29% of all jobs in the NWT were within government. Many require a university education or advanced technical training.

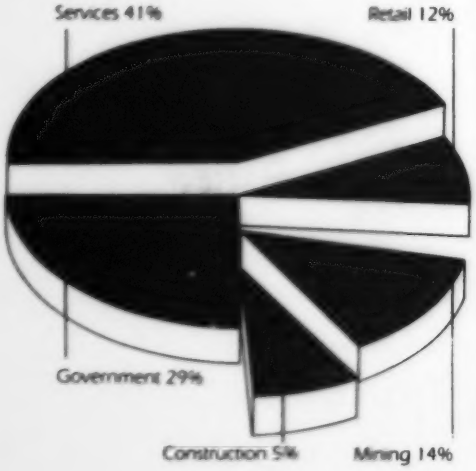
In the NWT, 41% of the jobs are generated by businesses providing goods and services, other than retail services, according to 1986 figures compiled by Statistics Canada. In 1989, the distribution of employees by industry sector had not changed significantly.

Recently the Canadian Labour Market and Productivity Centre studied the qualifications needed for the jobs likely to be created by the year 2000.

- At least 12 years of education and training will be needed for 64% of the new jobs.
- 50% of these new jobs will require more than 17 years of education.

More and more jobs will require advanced education and training levels. A balance in labour force supply and demand is the cornerstone of a healthy economy. Some fundamental changes are needed in the N.W.T. economy, and in education and training if our future labour supply and demand are to be better matched.

EMPLOYMENT BY INDUSTRY SECTOR, 1986



Some fundamental changes are needed in the NWT economy, and in education and training if our future labour supply and demand are to be better matched.

POSSIBLE SOLUTIONS

A variety of solutions have been tried, both in the north and in southern Canada, to try to resolve disparities in the labour force. Businesses have relocated closer to an available labour force. Sometimes incentives have been used to relocate workers. Job rotation programs, employment equity programs, promotional and recruitment campaigns, education and training have all been tried. The Departments of Education, Economic Development and Tourism and Arctic College have been working closely with industry to determine and provide specific training to meet job requirements.

The GNWT has decentralized its operations and has encouraged private sector employers to move jobs to communities which have traditionally experienced high unemployment. Efforts to spur the economies of more depressed areas have not been fully evaluated. However, higher demands for capital investment, higher operating costs, and skilled labour shortages have restricted decentralization by both the public and private sector.

In the NWT the labour force is generally not mobile. Residents of small, traditional communities have been reluctant to move to large centres to take jobs or additional education and training. On-the-job rotation programs have been used by the mining and petroleum industries. They have met with varying degrees of success.

Education Levels Among the Labour Force

- The level of skills and knowledge available within the NWT labour force, are major considerations in an analysis of labour supply. If one indicator of knowledge and skills within the labour force is the level of formal education achieved, much of our labour force is certainly not prepared to meet the demands of an increasingly complex and technical job market.
- During the past decade, the overall education level of NWT residents has increased marginally. However, this improvement has not been reflected in small, traditional communities. NWT schools are having difficulty keeping students until high school graduation. Some of the reasons often mentioned include poor access to higher education in most communities, the absence of family and peer support to pursue higher education, and the lack of clear understanding of the relationship between higher education and a job.
- Education levels vary dramatically among the NWT's cultural groups.
- Overall, 32% of the NWT's working age residents have a formal education of less than Grade 9.
- Among aboriginal people of working age, most of whom are residents of small traditional communities, 63% are without a Grade 10 education. Grade 10 is a basic requirement for most types of skilled jobs.
- 80% of non-native students complete Grade 10.
- Less than 1% of the aboriginal working age population has a university degree compared to 23% of non-aboriginal people 15 years of age and over.
- Participation in the labour force is lowest and unemployment is highest among people with less than grade 9 education.
- 95% of people with university degrees are in the labour force and among aboriginal people with university degrees there is virtually no unemployment.
- The NWT school drop-out rate remains high, especially among aboriginal people. Only 6% graduate from high school.
- The Special Committee on the Northern Economy reported that the functional illiteracy rate (less than Grade 9 education) in English is about 74% among native people in the NWT.

Employment equity and affirmative action programs are meant to remove barriers and ensure equal access to jobs for all residents. Often inadequate education and skills have frustrated both the employer and employee. While a trend exists toward greater numbers of Northern high school graduates, and completion of post-secondary education, a large group of unemployed people remains unable to compete with more qualified candidates. Ironically, government affirmative action programs which are often criticized for not meeting their employment targets are being criticized by some employers as being too successful. Employers complain that these programs draw away their best people often to work in jobs that are less demanding but pay more.

When attempts to match the labour supply with available jobs fail, employers return to the traditional supply of labour, southern Canada or elsewhere in the world. This trend is expedient, but unhealthy if the growing NWT labour force is to be meaningfully involved in all aspects of the economy. The GNWT faces a challenge which it has to meet. It must bring economic opportunities close to where people live. That will require developing Northerners to take existing jobs and move into new ones.

Success will depend on careful planning, greater access to training and education, and a clear, consistent policy of how government will become involved in providing these services.

Often inadequate education and skills have frustrated both the employer and employee.

Opinions Within the Private Sector

- The Keewatin Chamber of Commerce, in a paper entitled Business Initiatives for the 90's was straightforward in its opinion that a lack of education and training is the major obstacle to increasing local employment. This sentiment is echoed by employers in Yellowknife, a community where the supply of labour is inadequate both in terms of numbers and specific skills. While a ready supply of labour exists next door to Yellowknife in the communities of Dettah and Rainbow Valley. The rate of unemployment in those communities averages about 50%.
- Yellowknife employers say that the necessary skills are not available within that labour market to meet the demand (Yellowknife Campus Education and Training Needs Assessment, 1989). As a result many Yellowknife employers are relying on other parts of Canada or other countries to supply their labour needs.
- In spite of our high unemployment rates, 57% of our labour force and 64% of all employed people were born outside of the NWT. In fact, if only one out of every three of these people were replaced by someone born in the NWT, we would have no unemployment.

INCOMES

Average incomes range from a high of over $23,000 in the North and South Slave and Deh Cho Regions to around $14,000 in the Keewatin Region. The western regions (Fort Smith and Inuvik) exceed national averages, while the Eastern Arctic regions have among the lowest incomes in Canada. Nationally, average incomes ranged from a high of $20,525 in Alberta to a low of $14,000 in Newfoundland.

The total income by region varies even more than average incomes. Over seventy-five (75%) percent of income earned in the Northwest Territories originates in the two western regions, which account for 60% of the population. On a community basis, the seven (7) wealthiest communities, Yellowknife, Hay River, Inuvik, Fort Smith, Fort Simpson, Iqaluit, and Norman Wells account for three quarters of all income.

Another important measure is per capita income. Unlike average income which only measures the income of working people, per capita incomes measure the entire population's income. Per capital incomes in the NWT, unlike average incomes, are well below national averages. This statistic indicates that fewer people work in the NWT for above average wages.

Within the NWT, large income differences also exist among the employed. In the Kitikmeot Region, one third of the population makes over two thirds of all the income. Similar distribution problems exist in the Keewatin, Baffin and within smaller communities. It would seem that public servants and non-renewable resource industry employees are making good money, while those working for themselves or the private sector make significantly less.

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JOBS REQUIRED AND CREATED BETWEEN 1981 AND 1986

	Total	Communities 2000+ People	Communities Small & Medium
1981 Labour Force	19,180	11,180	8,000
1986 Labour Force	24,370	13,890	10,480
Jobs Required	5,190	2,710	2,480
1981 Employment	17,615	10,625	6,990
1986 Employment	20,950	12,805	8,145
Jobs Created	3,335	2,180	1,155
SHORTFALL	1,855	530	1,325

Factors Contributing to Labour Force Participation

While more jobs are needed for full wage employment, there are other factors which contribute to unemployment:

- preferences for a combination of seasonal employment and traditional activities, rather than full time employment.
- limited formal education or training restrict access to rewarding or challenging wage employment opportunities.
- peer, family and other pressures.
- cultural values such as sharing of resources.
- government transfer programs and social programs associated with community living which reduce the need for cash and full time employment.
- intimidation and fear of employment for those who have never entered the workforce.

TRADE

One of the weaknesses in our economy is that we import a great deal more than we export.

EXPORTS

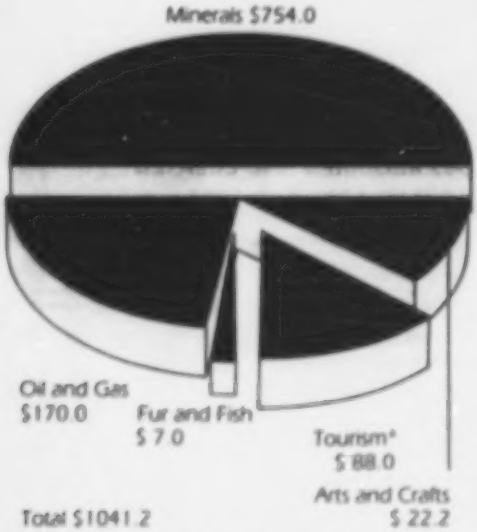
Traditionally the NWT economy relied on renewable resources. While commodities such as fur and fish remain important exports, their economic significance has been over-shadowed in recent years by non-renewable resources, tourism and government spending. The exports from the NWT include lumber, minerals, hydrocarbons, furs, fish and arts and crafts.

The estimated value of exports in 1988/89 was $1041.2 million of which mining, oil and gas accounted for $924 million.

Northern fish may be the tastiest, and our unique arts and crafts cannot be compared to anything produced elsewhere. But, we face stiff competition in the international and southern Canadian marketplace. And, we do not control the prices that we get for our export products. The unstable fur market is a grim reminder of that!

ESTIMATED VALUE OF EXPORTS, 1988/89

($ millions)



Note: *Combined pleasure and business travel expenditures of non-resident visitors.

IMPORTS

A significant portion of the wealth generated by exports, in the form of income and profits, is not retained in the north. This wealth slips immediately out of our economy when we purchase goods and services outside the NWT. In the mid-1980's it was estimated that the total value of imports to the NWT was about $1.104 billion dollars annually.

The North and South Slave and Deh Cho Region has the largest population in the NWT, an active labour force, many businesses, high income levels and good transportation facilities. With all of this going for it, it's not surprising that communities in this region purchased almost two-thirds of the total value of imported goods and services.

Governments in the North are a major importer of goods and services. In the mid-1980's it was estimated that the government spent about $108.0 million annually on goods and up to 77% of these purchases were directly from southern suppliers. It also spent $116.8 million in services and up to 46% of that amount was spent in the south. But government expenditure patterns are changing. In 1988, it was estimated that 80.3% of GNWT service purchases were made in the north.

The lifestyles of Northerners now depend on imports. No matter where we live in the NWT, we depend on a vast array of manufactured and processed goods, everything from snow machines and video equipment, to stylish running shoes. Where residents in traditional communities once relied totally on local products for food, clothing, home construction materials and fuel, many of these goods are now imported. We also rely on "outside" services and support. We send equipment south to be repaired and film out to be processed. Sometimes, even when a service is available in the north, we still go south for the assistance we need.

Imports affect the NWT in many ways. They replace the use of local goods and services, slowing the growth of northern business. Imports provide jobs in other jurisdictions, rather than in the NWT. We will always import many goods and services, but importing too much causes a sluggish economy.

NON-RENEWABLE RESOURCE INDUSTRIES

An investigation of our strengths and weaknesses is not complete without a discussion of the non-renewable resource sector and the role it has played in the development of the NWT and our economy.

MINING

Nationally, the NWT is an important contributor to overall production of metallic minerals. With six mines currently operating, one under construction and several properties in the feasibility or environmental review stages, the mining industry is a major contributor to our economy.

The total value of minerals produced in the NWT in 1988 was estimated at $754 million.

The industry employs some 1900 people in operating mines and has an annual payroll of $104 million.

Taxes paid amount to over $8 million annually.

Industry's direct purchases in the NWT are estimated at $126 million annually and support a range of northern businesses.

OIL AND GAS

Hydrocarbon production increased by 42% between 1986 and 1988 with total production estimated at $170 million. And an additional $140 million was spent on exploration activities in 1988.

Cautious but continuing interest in the industry has resulted in ongoing drilling programs and a recent National Energy Board decision has allowed three major oil and gas producers to seek contracts in the U.S. to export natural gas from the Mackenzie Delta-Beaufort Sea. This application represents less than 20% of the total reserves in the Mackenzie Delta-Beaufort Sea Region.

In many cases, non-renewable resource projects have a short life. This means high capital expenditures. It also means that labour force measures such as training must be justified over the short term. Non-renewable resource activity contributes many employment and business opportunities to the NWT. However, in general the jobs created require a high level of training or skills. Since few local people have the required qualifications, many of our industrial workers are imported. Business opportunities are often hampered by the speed of major developments, which make it easier for existing and bigger businesses to meet demand. So few small and few new businesses are usually involved in opportunities generated by non-renewable resource industries.

The employment provided by mining and oil and gas activities creates a northern market for goods and services. However benefits to the north are often not realized when workers are drawn from the south and not permanently located in the north. The location of jobs is determined by the location of the resource, rather than where northern workers live. Accessing such jobs often requires job rotation or relocation on the part of Northerners.

One of the strengths of these industries is that they pay for the development of infrastructure. Many of our roads, our only rail line, port facilities, power dams and airstrips are closely linked to non-renewable resource development. These facilities contribute to our ability to diversify our economy.

While exported resources add to the economic health of the NWT, more benefits could be reaped if products were not exported in raw form. Economic rewards are reaped by southern secondary manufacturing industries which refine or make our raw resources into final products. Capturing more benefits for Northerners from our non-renewable resource industries is a challenge which must be surmounted in this coming decade.

SECTION 5

DEVELOPMENT ISSUES

As we have seen, both the growth and the nature of our economy is affected by the size of our population, high cost of infrastructure, education levels, incomes, and the limited availability of investment capital. Around the world, these characteristics influence all economies. Understanding how these variables interact and influence this interaction is the basis of sound economic planning.

A variety of other forces shape our economy. Some have a direct impact, others are minor in effect. In the NWT, our economy is influenced by government policies, the political environment, aboriginal land claims, infrastructure, services, geography and the social and cultural climate. External influences include international trade, rapidly changing technology, exploding world populations, and global environmental concerns. These latter forces are present in every economy and ours is no exception. The most significant of the circumstances and influences on the NWT economy are discussed here.

THE SHORTAGE OF JOBS

Despite high unemployment rates, job creation is not a problem. If there were sufficient numbers of skilled, mobile people, unemployment would not be a problem. While our job creation record is good we have had limited success in creating jobs which use available skills. Employers are still heavily reliant on Southern Canada for skilled labour.

The Department is addressing the problem by generating more business activity and more jobs which use technology that is more appropriate to the skills people now have. The task requires co-operation with other departments to assist local people to access opportunities as they become available. Success will depend on innovative policies and strategies.

TRADITIONS AND CHANGE

The NWT has experienced rapid social changes in the past few decades. The economic base of many communities has also shifted. Historically hunting, trapping and fishing sustained the economies of most Dene, Metis, Inuvialuit and Inuit. While still important, harvesting patterns and lifestyles have changed, even for subsistence harvesters. Wage earnings are becoming increasingly more important in supporting the traditional economy.

While many aboriginal people are no longer entirely dependent on the traditional economy, the economic, social and cultural value of land-based pursuits continues to be high. This value has important consequences for the evolving and contemporary economies of the NWT, as well as for the social and cultural well being of a majority of northern citizens. The GNWT is committed to supporting and enhancing the renewable resource economy and the lifestyles supported by it.

Despite high unemployment rates, job creation is not a problem. If there were sufficient numbers of skilled, mobile people, unemployment would not be a problem.

SOCIAL AND CULTURAL CLIMATE

In the 1980's economic activity centered on non-renewable resource exports. This emphasis placed the focus of territorial economic activity on the large, urban communities. Urbanized communities have prospered and with this prosperity has come a new urban culture. At the same time, smaller communities reliant on renewable resources, have not benefitted from this growth. An increasing number of people are dependent on public institutions for the basic necessities of life. A widening gap continues to grow between the self-reliant and well-off, and the dependent and poor.

Social assistance is available to supplement the income of low-wage earners and provide assistance to individuals without work. In small communities few employment and training opportunities exist close to home. The situation is difficult and Northerners caught in the welfare cycle have no viable means of getting off. According to the Department of Social Services the average monthly social assistance caseload has grown by about 50% over the past five years.

SHORTAGE OF SKILLED, AVAILABLE LABOUR

The NWT suffers from chronic unemployment in at least two-thirds of its communities and among 30% of its aboriginal population. But the problem is not just a lack of jobs. When jobs do become available often skilled Northerners are not available to do the work. The economic benefits from large resource or construction projects and other economic activity are not shared with Northerners when southern workers take these jobs. This situation is a major barrier to improving the employment prospects and income of all Northerners.

Skill shortages experienced by northern employers are not unique. Indeed employers across the country are concerned that skill shortages may be a factor that restricts Canada's economic growth in the future. Through the combined efforts of Arctic College, the Department of Education, and other special government initiatives, the GNWT continues to place a high priority on addressing skill shortages.

ACCESS TO SUPPORT SERVICES

Women make up half of the working age population yet their participation is 13% less than their male counterparts. The participation of women in the labour force is significantly lower in smaller NWT communities. Among aboriginal people, participation in the labour force is only 56%, compared to 88% among non-aboriginal people.

For many people lacking any prior work experience or skills, assistance is required to get a job or training. The Department of Education provides career information and counselling aimed at helping people to access employment.

Many people also find that lack of child care services is a major obstacle to joining the workforce. The GNWT's Department of Social Services helps people on low incomes or those enroled in job-related training programs to pay for the cost of child day care. Currently this program is available only in the five NWT communities with populations in excess of 2,000 people. The Department also provides start-up grants and operations and maintenance contributions to newly

licensed day care facilities. It has supported more than 25 centres. However, the shortage of day care services continues to be a hurdle to the employment of women which the GNWT is addressing.

LACK OF ENTREPRENEURS

While the NWT has a commercial or business history that goes back more than 300 years to the fur trade, many northern businesses continue to be developed and operated by people born and raised outside the NWT. The reasons for this situation are many. A combination of factors prevent Northerners from taking on the challenge of private enterprise. Many Northerners lack management skills, have difficulty raising capital, face small markets and high overhead costs. They may also lack confidence gained through having role models and direct experience. They also have difficulty competing for employees with Government and big business.

If the private sector is to grow and prosper, the risks of developing new businesses must be balanced more evenly with the benefits. Entrepreneurial skills must be developed. Equally, many communities need improved business support structures, such as available retail space.

LIMITED MARKETS

A population of 500-600 is considered the minimum for the viability of many types of businesses. Approximately 23% of the NWT population lives in the 41 communities under that threshold. The obstacles posed by small markets are compounded in the North by the vast distances and poor transportation services. Only communities that have populations in excess of about 600 people, better than average per capita income, and some of the physical infrastructure necessary to support business activity, have achieved a measure of economic success.

But what about the more than 40 communities that are without these advantages? For them, it is a vicious circle — few people, isolation, limited business opportunities, a handful of jobs and little income. The Government is acutely aware of the need to stop this cycle. Improving the economic future for small communities depends on identifying and building on community strengths and the existing human and natural resource potential. Government intervention should be available where required to initiate and support business activity, at least in the short term.

THE HIGH COST OF DOING BUSINESS

The costs of doing business in the NWT are as much as 50% or higher than those in southern Canada. These high costs mean that northern business often cannot compete with lower priced, imported goods and services.

Overhead costs increase dramatically when large amounts of money are tied up in inventories. This situation is often a northern necessity when supplies are available only on a seasonal basis. The scarcity of commercial space and other business support services, and the difficulty of gaining access to banks and other commercial lending institutions add to the increased cost of doing business. Government strategies and policies for the 1990's will address these barriers.

CHANGING TECHNOLOGY

In an increasingly competitive world, the NWT is very vulnerable to rapidly changing technology and the trends towards an increasingly industrial economy. The Government is attempting to equalize the opportunities for and involvement of all Northerners, while at the same time equalizing our status within Canada. New technology is required for many businesses to be competitive. Keeping up with the information, training and new equipment of our technological age is an ongoing battle.

The Departments of Education, Economic Development and Tourism, Public Works and the NWT Housing Corporation, the Science Institute of the NWT, and Arctic College are encouraging the use and development of northern technical expertise and innovation.

INADEQUATE TRANSPORTATION FACILITIES

Virtually all of the 61 communities in the NWT are accessible by water and by air. However, less than one-quarter are accessible year-round by road. Furthermore, only a third are served by winter roads, and then only for a few months. Despite national deregulation, air transportation in the north has remained expensive. As a consequence, the high cost of air transportation reduces the competitiveness of northern businesses. Water transportation offers a less expensive alternative, but short shipping seasons require northern business to carry large, expensive inventories. This additional cost is another hurdle for the small businesses with limited cash.

The high levels of business activity in Yellowknife, Inuvik, Fort Smith and Hay River are proof of the advantages of a highway system. The feasibility of building more northern roads and improving the general condition of transportation in the NWT are issues now under study by the Department of Transportation.

THE FEDERAL-TERRITORIAL RELATIONSHIP

The Government of the NWT is young, just over 20 years old. During its short history, tremendous changes have occurred in the NWT. We have seen the GNWT move from an appointed legislature to a fully elected and, now majority native legislature, from an advisory body to the Federal Government to a responsible northern government.

However, 85% of GNWT revenues continue to come from the Federal Government. With Ottawa controlling such a large portion of the territorial revenues, it is difficult to make plans for our economy and the pace of government intervention in it. A delicate balancing act must be maintained by the GNWT, as it attempts to stimulate development in those areas where the private sector fears to tread, while at the same time not undermining the services already available throughout the territories.

The level of federal support available to this government can be expected to decrease in the 1990's as Ottawa deals with the growing national debt. Greater co-operation and co-ordination among government departments will be necessary to make the most of the available money. NWT residents and their government are facing perhaps their most demanding test, the challenge of

achieving greater self-reliance and self-sufficiency with limited resources.

ABORIGINAL LAND CLAIMS

Aboriginal claims to land and resources in the NWT have been under negotiation since the mid-1970's. The Inuvialuit signed a final agreement in 1984, becoming the first aboriginal people in the NWT to settle a claim with the federal government. Both the Dene-Metis and Inuit have signed land claim agreements in principle with the federal government. These agreements provide the framework for final land claim agreements which are expected in the early 1990's.

The three land claims settlements have and will put the ownership of large tracts of land in the hands of aboriginal people. As well, over $1 billion of compensation funds will be paid out to the claimant groups. The economic impact of these three land claims settlements have yet to be fully assessed.

These claims settlements offer potential for stimulating economic growth and narrowing the economic gap that currently exists between non-aboriginal and aboriginal people in the NWT.

SUMMARY

These significant development issues continue to influence the NWT economy. In many respects the above issues may be viewed as constraints to development.

However, obstacles can be converted into opportunities. In fact there is little choice. A successful economic turnaround depends on the entire government, local communities and various industries sharing that vision and co-operating to overcome these obstacles. The Economic Strategy, along with other government-wide strategies and policies, sets out a plan of action to make the most of what we have.

Obstacles can be converted into opportunities. In fact there is little choice.

SECTION 6

HISTORY OF DEVELOPMENT

During its 20-year history, the GNWT has attempted to develop the northern economy in a variety of ways. Sometimes this has meant heavy government involvement, sometimes a "hands-off" approach.

During its 20-year history, the GNWT has attempted to develop the northern economy in a variety of ways. Sometimes this has meant heavy government involvement, sometimes a "hands-off" approach. Each of the government's efforts has been guided by the social and economic climate of the times, the aspirations of Northerners, and the demands of the national and international marketplace.

THE EARLY YEARS

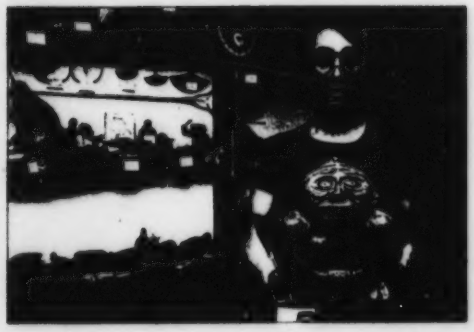
The tone of economic development in the NWT during the 1960's was set by the federal government, and later by the Government of the Northwest Territories when it was installed in the north in 1967. Economic development in the 1960's focused on two goals:

- developing the substantial reserves of non-renewable resources in the NWT for the benefit of all Canadians, and
- developing local communities and their economies.

For the most part, the Federal Government maintained its previous responsibility for developing non-renewable resources. The GNWT concentrated on the political and economic development at the community level.

For the GNWT, the next decade was a matter of "starting from square one". Those years marked the beginning of the northern economy as we know it today. During these formative years the GNWT sought to:

- develop basic economic infrastructure,
- develop basic business capabilities in trade and service, and
- prepare a foundation for the evolution of commerce and industry.



The targets of economic development initiatives in the NWT between 1967-77 were broad-based, aimed at all of the organized or formal communities. Little or no private industry existed to actively start or participate in basic economic activities. So, the Government of the NWT became directly involved in commercial projects at the community level during this period. Government established and operated commercial ventures. Arts and crafts shops, retail outlets, bath and laundry houses, and transient centres were just some of the projects started and maintained by the GNWT. Government investment in these projects was substantial, as were the social and economic benefits.

GNWT Project Expenses and Revenues (Annual)
Projects Operated by the GNWT in the 1970's

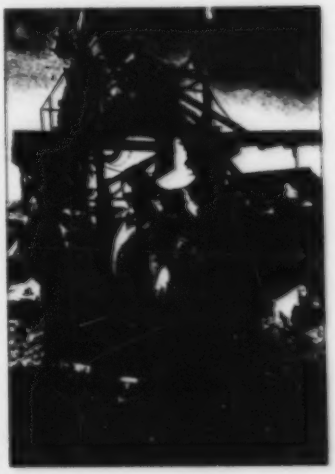
	Expenses	Revenues
Inuvik Sewing Centre	766,845	770,790
Tuktoyaktuk Fur Shop	219,703	186,809
Frobisher Bay Knitwear	90,878	62,815
Rankin Inlet Sewing	66,783	83,796
Eskimo Point Sewing	61,123	12,285
Baker Lake Sewing	127,934	162,254
Frobisher Bay Jewelry	143,625	162,254
Snowdrift Handicrafts	18,607	21,114
Fort Simpson Crafts	34,289	52,536
Keewatin Commercial Fish	229,169	19
Inuvik Fish Plant	20,115	21,135
Rankin Inlet Cannery	363,303	141,730
Rankin Inlet Milk Combine	16,623	0
Hay River Furniture	263,261	116,539
Yellowknife Antler Project	59	0
Frobisher Bay Laundry	85,153	61,221
Rae Lake Store	15,570	18,542
TOTAL	2,500,000	$1,800,000

THE 1970'S: THE PROMISE OF OIL, GAS AND MINERAL DEVELOPMENT

The 1970's was a decade of optimism which seemed to point to unlimited opportunities for Northerners in non-renewable resource industries. The new mining communities of Pine Point, Tungsten and Nanisivik were created in the 1960's and 70's. The Pointed Mountain gas field went into production. Inuvik and Norman Wells boomed with the nearby oil and gas exploration activity. The Cullaton Lake gold mine went into production. Regional centres, like Hay River and Yellowknife, swelled in size as they tried to meet the service demands of non-renewable industries.

By the late 1970's, the northern economy was growing and that growth was being led by industry, especially industry's investment in non-renewable resources. The assistance government was providing to renewable resource and small business activities throughout the NWT was having little impact.

As the 1970's drew to a close, the successes of industry gave many Northerners and the GNWT a sense of confidence that the private sector was willing and able to lead economic development throughout the NWT. Government intervention was seen as disruptive as well as discouraging people from taking the jobs in the booming non-renewable resource industries or in the expanding service sector located in regional centres.



THE 1980'S: A HANDS-OFF APPROACH

The growth and success achieved by the private sector in the 1970's prompted the GNWT to reassess its strategies for economic development. As a result, the GNWT's approach to economic development into the 1980's was with some exceptions, a "laissez faire", or private sector dependant development philosophy.

This approach placed the onus on the private sector and limited government's direct involvement in business. Instead of running businesses, the Government:

- disposed of many of its business interests through privatization, or selling off assets,
- encouraged communities or individuals to take on the responsibility of running businesses, previously government-owned and operated, and
- developed policies and programs to assist northern businesses to start-up, expand, or overcome the obstacles associated with normal business operations.

The private sector emphasis of the 1980's served the NWT well in many ways. This approach secured our non-renewable economic base and brought injections of capital investment into the north. Together, these two results led to a rapid expansion of northern service and retail businesses, business infrastructure, and business acumen.

Today about 4,000 businesses are registered in the NWT, double the number of just 10 years ago. Non-renewable resource activity encouraged the development of transportation and service infrastructure, and the overall development of the NWT economy.

The lack of direct government intervention in the NWT economy over the past decade has also had its downside. The spin-off benefits of the non-renewable resource industry have not reached the more isolated communities or their residents. While businesses established in small communities by government in the 1970's were taken over by community entrepreneurs, Arctic Co-operatives or community development corporations, few new enterprises were initiated and many existing businesses faltered.

Government assumed that people from small communities would be attracted to the opportunities in larger centres and in non-renewable resource industries. These expectations were never realized. Innovative industry and government programs and policies which were meant to encourage local involvement and participation in industry have had only limited success.

ASSESSING THE RESULTS

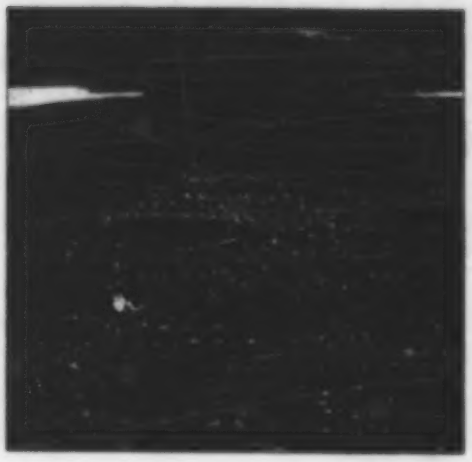
An analysis of our population, labour force and income patterns shows that the 1980's private sector emphasis on economic development benefitted only some NWT residents. The private sector approach was built on, and further enhanced the strengths of non-renewable resources industries, and the abilities of larger, urban centres and their residents. These people were accustomed to the demands of more industrialized wage opportunities.

Those communities dependent on renewable, land-based or traditional rural resources have not benefitted in any meaningful way from economic growth in the past decade. More than 40 NWT communities, about one-quarter of the NWT population, and about three-quarters of the NWT's aboriginal population, have received virtually no benefits from economic developments of the past 10 years.

As the NWT moves into the 1990's, the disparities in the NWT economy and among northern residents have caused the GNWT to once again assess our economic circumstances. The government has concluded that a strategy which depends solely on the private sector will not improve the socio-economic situation of all Northerners in all NWT communities.

An economy dominated by the private sector will concentrate growth in large centres and among people comfortable with the demands of non-renewable resource industries. If a non-interventionist philosophy continues into the 1990's, small communities in the NWT will continue to be left behind, and the gaps that now exist between urban populations and rural populations will widen. This is an unacceptable scenario for a responsible government.

As the NWT moves into the 1990's, the disparities in the NWT economy and among northern residents have caused the GNWT to once again assess our economic circumstances.



SECTION 7

A BUSINESS STRATEGY FOR THE NWT— BUILDING ON STRENGTHS

The Department's Economic Strategy, Building on Strengths: A Community Based Approach, targets four sectors of our economy:

- Small Business,
- Tourism,
- Renewable Resources, and
- Arts and Crafts

Each part of the Strategy is a blueprint for development, and each is linked to the other economic sectors and to the overall Departmental Strategy. The principles and objectives of the GNWT Economic Strategy, Economy in Transition – An Agenda for Action outlined below are the basis for each of the Department's strategy documents.

STRATEGY FRAMEWORK

Principles for Economic Development in the 1990's

Principles are fundamental beliefs. They are the foundations which guide individual action, and they are the basis on which industries and governments build and implement strategies. Principles come from experience and understanding, and from a desire to live a certain way.

From experience gained in economic development over the past two decades, an understanding of our economic circumstances today, and a desire to improve the quality of life for all Northerners, the GNWT has established the following principles as the foundation for the Economic Strategy for the NWT; Economy in Transition – An Agenda for Action. These principles also apply to this strategy, Building on Strengths – A Community Based Approach.

1. Economic development must be sustainable for this generation and for generations to come;
2. Economic opportunities should be developed close to where people live whenever possible;
3. Private sector business development is the preferred option for developing the NWT economy;
4. Where the private sector is unwilling or unable to invest in economic activities, direct government investment may be necessary to create or maintain employment opportunities;
5. Government must play a key role in developing the infrastructure or facilities and services necessary for economic growth;
6. Development must be fostered in ways which are acceptable to community values;
7. Public investment in business must build on the available resources and skills, and use appropriate technology and scale to maximize local employment;
8. Management of publicly-owned ventures must be consistent with standard management practices, and emphasize return on investment and economic efficiency; and
9. Financial assistance programs will give preference to economic activities which contribute the most to the NWT economy, in terms of employment and income.

Objectives for Economic Development in the 1990's

Strategies, or action plans are developed to produce certain results. Objectives are really a statement of the end results which a strategy should accomplish. By the year 1995, the GNWT, through the NWT Economic Strategy, is aimed at achieving three results:

- Reduced employment and income disparities between and within communities and regions;
- Our economy will be stronger, as a result of growth and diversification; and
- Northerners will have received a greater share of the benefits of economic development in the NWT.

SECTION 8

ACHIEVING OUR OBJECTIVES

THE KEY ELEMENTS

The Government and the people of the Northwest Territories face an immense challenge during the 1990's. Building an economy that is balanced, equitable and diversified is a major task. This task requires a carefully thought out plan of action. This Economic Strategy for the NWT fulfils that need.

There are four key elements to the Departmental Economic Strategy:

- Targeting Communities - Concentrating on the needs of the smaller communities to develop their economic potential;
- Building on Community and Regional Strengths - Maximizing the existing human and resource potential;
- Increasing Self-Sufficiency - Providing for ourselves more of the goods and services we need in the NWT; and
- Improved Accountability - Making the development and delivery of programs more accessible and beneficial for those being served.

Targeting communities and building on community and regional strengths are also elements of the overall Government's Strategy. Increasing self-sufficiency and improved accountability are specific elements which the Department of Economic Development and Tourism will be concentrating on and which have guided development of the Departmental Strategy.

ELEMENT #1:
TARGETING COMMUNITIES

Many of the current government programs were designed to be available to, and meet the needs of, people across the Northwest Territories. These programs assumed that the economic, social and cultural situation of all people, communities and regions were the same. This assumption jeopardized the applicability and therefore the effectiveness of many programs.

Marked differences exist in the level of participation in various government programs and in the benefits derived from them. The larger, urban centres have been consistently more vocal in expressing their needs and in having programs developed to meet those needs. The purpose of targeting programs is to recognize the differences among communities in terms of the available resources, the education and training opportunities available, and their level of development. The departmental strategy concentrates on encouraging economic activity in the communities where the need is greatest.

To develop more appropriate programs that could be targeted at specific communities, research was undertaken to clearly identify the characteristics and conditions which required specific approaches or solutions in the strategy. The characteristics which tend to define a community's current economic state and its future development potential are:

- The population and income within the community and surrounding area, which dictates the size of the consumer market;
- The number of businesses serving the market and the capacity for growth;
- The existing business and transportation infrastructure which would support additional businesses; and
- The availability of skilled labour.

These characteristics clearly separate NWT communities into three distinct categories; Mature market, Emerging market, and Small traditional communities.

MATURE MARKET COMMUNITIES

Four communities stand out as being generally self-sufficient in terms of employment, income and services. Often these communities are a regional or territorial trading centre. Yellowknife and Hay River are typical communities in this group.

MEDIUM-SIZED, EMERGING MARKET COMMUNITIES

These communities have the most potential for growth. In most cases, business and transportation infrastructure are beginning to develop. These communities are often at the centre of a regional transportation network and are in a position to serve the local market, as well as a regional one.

COMMUNITY GROUPINGS

GROUP 1:
DEVELOPED MARKET COMMUNITIES

Communities with the greatest potential for displacing major southern supply centres:

- Yellowknife
- Fort Smith
- Hay River
- Inuvik

GROUP 2:
EMERGING MARKET COMMUNITIES

Communities with significant potential to expand their role as regional supply centres and to expand their local range of goods and services:

- Coppermine
- Pond Inlet
- Fort McPherson
- Cape Dorset
- Igloolik
- Iqaluit
- Arviat
- Norman Wells
- Aklavik
- Rae-Edzo
- Rankin Inlet
- Cambridge Bay
- Baker Lake
- Tuktoyaktuk
- Pangnirtung
- Fort Simpson

GROUP 3:
RESOURCE COMMUNITIES

Communities with potential for tourism, arts and crafts, and other forms of human and natural resource development. This category is a residual and would include all 41 remaining communities.

The purpose of targeting programs is to recognize the differences among communities in terms of the available resources, the education and training opportunities available, and their level of development.

SMALL, TRADITIONAL COMMUNITIES

These communities depend on hunting, trapping, fishing and seasonal wage employment, and have few services or jobs, and little wage income. They are generally capable of serving only the local market.

The Economic Strategy and the four sector strategies target government efforts to improve the economy in small, traditional and medium-sized emerging communities. At the same time, support for urban centres or mature market communities will be maintained.

ELEMENT #2: BUILDING ON COMMUNITY STRENGTHS

By targeting communities, it is clear that several different strategies will be needed to meet the unique needs and strengths of individual communities and regions.

The approach we have taken is to build on the natural strengths which already exist. The approach is a practical one which recognizes the abilities, interests and skills of local people. It also recognizes the existing communication, cultural and transportation links within regions. The goal is to make the most of the natural and human resources that exist now, and in the long term, develop those resources further. In medium-sized and urban communities, the strategy is to ensure long term sustainable jobs. In small, traditional communities, the action plan centres on creating job opportunities which can supplement income from traditional lifestyles.

The four sector strategies are designed to improve the prospects and self-reliance of all NWT communities. The Arts and Crafts and Renewable Resources strategies in particular focus on small communities that do not have highly specialized skills, sophisticated facilities, or large local markets. The Tourism Strategy is targeted at all communities, while the Small Business Strategy is in the short term more applicable to the medium-sized and larger communities. Each strategy promotes the growth of skills in the longer term. The objectives for each sector strategy are described below.

In medium-sized and urban communities, the strategy is to ensure long term sustainable jobs. In small, traditional communities, the action plan centres on creating job opportunities which can supplement income from traditional lifestyles.

A STRATEGY FOR ARTS AND CRAFTS

The NWT arts and crafts industry contributes approximately $22.5 million to the territorial economy every year. About 3,570 people, most of them aboriginal residents over 45 years of age, participate in the industry. However, the average income of arts and crafts producers is well below the poverty line, at about $3,780 a year.

Even though the arts and crafts industry contributes less than 1% to the Gross Domestic Product, it is an important industry. It involves people in wage earning activities who otherwise might be considered unemployable. Furthermore, it enhances the cultural heritage of the NWT.

Arts and crafts contribute to other economic sectors such as retail trade, manufacturing, renewable resources and tourism. The arts and crafts industry builds on the existing skills and natural resources of small, traditional communities.

The Department of Economic Development and Tourism Arts and Crafts Strategy contains several initiatives. The focus is on:

1. Producing More and New Products - Developing production centres and providing support to individual artists and crafts people to increase the quantity of arts and crafts produced in the NWT. The desires of consumers point to an emphasis on printed products, souvenirs and folk art.
2. Industry Consensus - Developing consensus on a plan for developing the arts and crafts industry in the NWT.
3. Expanded Markets - Increased sales depend on diversifying not just the products, but also our markets, in a way that does not compete with existing markets or with traditional arts and crafts product lines.

Specific strategy initiatives include establishing product research and development centres, a territorial arts and crafts association, and stronger links with the tourism industry, since tourists are significant arts and crafts consumers. The strategy also pinpoints ways to increase northern profits.

A STRATEGY FOR TOURISM

During the past decade, planning in the tourism industry has paid off in the development of new attractions, facilities, and skills. Northern ownership of tourism services and businesses has increased. The NWT is now a favoured travel destination.

The travel industry represents about a third of the total employment in the NWT service sector. Tourism and travel industry expenditures in the NWT in 1988 were about $145 million, up by 13.4% over 1986. The pleasure travel component of this industry is a growing and one which is tied closely to our natural resources and the cultural heritage of the NWT. The non-resident pleasure travel component of Tourism offers great potential for communities right across the NWT. The Department will place its program emphasis on this component.

The Department of Economic Development and Tourism's Strategy for the Tourism Industry focuses on:

1. Improving the quality of NWT vacation products;
2. Facilitating sales of quality vacation offerings;
3. Increasing the variety and quality of visitor services.

The Strategy will emphasize increasing tourism profits, expanding businesses and assisting the industry to move into new markets and deliver new products. In five years, the income and employment benefits from non-resident travel is expected to have increased to $56 million in expenditures and some 300 new person-years of employment. By the year 2000, the benefits from non-resident travel expenditures are expected to reach $84 million in revenues and about 1,700 new person-years of employment.

A STRATEGY FOR RENEWABLE RESOURCES

Renewable resources have been the backbone of the NWT economy and the lifestyle of northern people for centuries. Northern people, particularly those of aboriginal ancestry, have a history as successful trappers, hunters, fishermen and managers of renewable resources.

Exports of fur and fish products are valued at $7.0 million. Most forest products are used locally. Most residents involved in renewable resource harvesting live in group 2 or 3 communities. Domestic fishing and hunting activities also contribute to the economy of the NWT and the income of aboriginal families. The imputed value of renewable resources consumed annually in the NWT is estimated at $53.9 million. If it wasn't for country foods, Northerners would have to import more of what we eat.

The Department of Economic Development and Tourism Renewable Resource Strategy has six priorities.

1. Improve industry competitiveness by enhancing technology, training and distribution systems;
2. Expand domestic and export markets;
3. Increase the value of NWT renewable resources by producing high quality products and processing our raw natural resources;
4. Increase production of surplus renewable resources while striving towards self-sufficiency in domestic markets;
5. Increase northern participation and optimize economic and social benefits to Northerners; and
6. Develop industry consensus through the establishment and strengthening of industry organizations.

The Strategy initiatives relate to five renewable resources industries - fishing, forestry, agriculture, country foods, and fur.

Fisheries: The Strategy concentrates on increasing the efficiency of existing fisheries operations, increasing the value of the catch through the development of processed fish products, and exploration of marine waters to identify underutilized fish stocks with economic potential.

Forestry: The Strategy looks at developing underutilized forestry resources in the Liard Valley and other productive forested areas. In addition, forestry initiatives aim to make better use of our timber resources through improved quality of lumber and product development. This initiative requires greater cooperation with major purchasers of lumber products in the NWT to increase the use of northern lumber products. It also suggests a strong industry association.

Agriculture: A host of new initiatives have been designed to improve production and distribution of agricultural products which we can produce in the NWT. Conducting research for adapting food production techniques to northern conditions and establishing the necessary regulatory structures will be a priority.

Country Foods: The Strategy supports the production and distribution of more country foods to both northern and southern markets. Emphasis will be on developing a secure supply of country food products, while developing markets and establishing the necessary meat inspection standards and infrastructure for the harvesting and processing of meats.

Fur: The Strategy aims at improving research, experimentation and training to expand fur farming in the North.

A STRATEGY FOR SMALL BUSINESS

Small businesses are those businesses with revenues between $10,000 and $2 million a year. They include a variety of commercial enterprises and provide 52% of all NWT jobs. Small business has the greatest opportunity to create jobs and distribute wealth throughout the NWT. They have a great capacity to build on community strengths and return greater income and employment benefits to local residents.

The Strategy for Small Business will:

1. Provide flexible programs to meet the needs of business throughout its life cycle, from idea, to start-up, to expansion;

2. Provide easier access to capital assistance and link assistance to the profit and risk factors found in small, medium and large communities;
3. Improve the flow of information about available assistance programs and other initiatives of the Department of Economic Development and Tourism;
4. Promote the use of NWT businesses by government, private industry and individuals.

Small business will benefit by capturing a greater share of the money invested and spent in the North. This sector should then be able to create new jobs for more Northerners.

ELEMENT #3: INCREASING SELF-SUFFICIENCY

In 1984, government, business, and individuals imported $1.1 billion worth of goods and services. Keeping more of these dollars in the NWT represents a major opportunity to increase our self-reliance and improve our economy.

Import substitution involves replacing imported goods and services with goods and services produced locally. Import substitution will decrease our reliance on imports and create jobs and income for Northerners, rather than in other jurisdictions. By importing less, we retain more income in the NWT by buying locally produced goods and services.

If our money stays in the NWT longer it can be spent on more northern goods and more northern salaries. It is estimated that every $1 of income received and spent by the government can stimulate as much as a further $2.10 of economic activity. This compares to expenditures in the mining industry which may generate only another 53 cents in economic activity.

Government spending has a more positive impact because government hires more local people and buys more local goods and services than the mining industry.

Import substitution is the focus of many of the initiatives contained within the Strategy. Practical opportunities for import substitution exist. In fact, approximately $19 million of imports could be replaced annually.

Country foods, light manufacturing such as the canvas products made in Fort McPherson, and supplying more of our own business services offer realistic ways we can replace imports.

The departmental strategy also focuses on changing the attitudes of individuals, the business community and government itself. All of us have to see the benefits of "buying north" wherever possible, and then act on this new awareness. Northerners sell themselves and their neighbours short by "going outside" for southern goods and services. The Government will continue to improve on its record of Northern purchase through the "buy North" campaign. It will also publish an annual report monitoring its performance record in using NWT business services.

The economy would also improve if we increased the value of our exports. But, exports would have to increase substantially to make up for the amount of money continuing to go south at an ever faster rate. An examination of both alternatives points to import substitution as the easier task and the one which will bring the most benefits to our economy.

Increasing our self-sufficiency also requires reducing our dependency on imported labour. We must hire more Northern residents. Training and education are fundamental to increasing our ability to do things ourselves.

NWT Import Substitution: Potential for Opportunities

Sector	Value of Imports Displaced ($000)
Food	$5,588.0
Manufacturing	$6,737.0
Business Services	$5,122.8
Trade	$1,724.5
Total	$19,172.3

ELEMENT #4 -
IMPROVED ACCOUNTABILITY

Just as this strategy recognizes that programs cannot be applied uniformly throughout the territories, it also addresses changing circumstances. Today's struggling community may be prospering tomorrow. Conversely, today's healthy industry may be on a downhill slide next week.

In one way or another all of government has an influence on the economic self-reliance and growth of the territories, regardless of the specific mandate of any department. An essential element of the Economic Strategy is maximizing the impact and responsiveness of government spending and actions. The task requires all departments and agencies within the government to work together. Success will bring more efficient and appropriate support and services to the business community.

During the last decade, the GNWT largely relied on the private sector to take the lead in stimulating the NWT economy. It did this, but mainly in large, urban communities. Meanwhile few new initiatives were developed in small communities, and few provisions were made for the added risk and cost of investing in remote communities or in certain sectors of the economy. Government programs, whether in the service industries or manufacturing, in Hay River or Cpoe Haven, were implemented the same.

Government programs and services have to keep pace with change and provide help where and when it is needed. How can government programs and services respond to changing situations on time? One focus of the overall GNWT Economic Strategy is on consultation. This will be done in two ways.

1. Community Staff - These are the people close to the action in the regions and communities. All government departments have developed both formal and informal ways to obtain feedback from their community staff on government programs. The feedback from communities and regions zeroes in on efficiency as well as the effectiveness of programs and their delivery. Communications and co-ordination among departments, and between headquarters and regions will be crucial to make sure community staff input is given proper consideration.
2. Published Information - Information explaining government policies, programs and legislation is available on request from headquarters, regional and community staff. Information is provided through the Legislative Assembly and, annual reports record what government money is spent, where, and for what purpose.

Improved accountability demands strong links among government departments, among our various industries, and between government and private business. The establishment and strengthening of a number of industry associations are initiatives proposed to increase citizen participation in our economy. Among other advantages, these associations will assist both industry and government in the exchange of information.

THE DEVELOPMENT TOOLS

The NWT Economic Strategy, Economy in Transition – An Agenda for Action, seeks to create a balanced and more diversified economy. The tools of the NWT Economic Strategy are applied in seven areas and they involve, in one way or another, almost every GNWT department and agency.

The "tools" presented here are part of or relate directly to the Department of Economic Development's Strategy, Building on Strengths – A Community Based Approach.

1. JOB AND INCOME OPPORTUNITIES IN DISADVANTAGED AREAS

Providing more jobs, and therefore more income, depends on improving business opportunities. The Department's strategy emphasizes the development of jobs in the arts and crafts, renewable resources and tourism sectors, and among small businesses generally. Jobs must be consistent with the skills and aspirations of smaller NWT communities.

A means for Government intervention will also be available where required to initiate and support business activity and combat the barriers to economic development, at least in the short term. The idea is that by increasing business opportunities, jobs will also increase.

The NWT Development Corporation

The private sector is the preferred vehicle for stimulating economic growth. The private sector, however, is often reluctant to invest outside of well-established communities. Risks are just too high and potential returns too low when dealing with unskilled labour and managers, small markets, poor or inadequate facilities, and high costs which are the major barriers to economic development and job creation in traditional and emerging communities.

Since there is limited business activity outside urban centres, the programs designed to encourage business development are often unused by those communities where they are most needed. As a result, the government is often seen to be unresponsive to the needs of more disadvantaged areas.

The government will therefore create the NWT Development Corporation. The Corporation will be responsible for creating employment and income opportunities by initiating and operating businesses. Profitability, while desirable, will not be the key criteria; jobs and development will be. As such, the Government will subsidize the Corporation for businesses where jobs or development benefits warrant. The Development Corporation may also become a joint venture partner to supplement the equity capital requirements of private industries willing to pursue profitable ventures in less developed communities.

Jobs in the Traditional Economy

The Government of the NWT is committed to maximizing the positive effects of the renewable resource economy. Together the strategies and programs of the Departments of Renewable Resources and Economic Development and Tourism will enhance and support the viability of these activities.

The NWT Department of Health is working with the Department of Renewable Resources to establish meat inspection facilities within the NWT. This initiative will allow country foods, such as musk-ox, to be sold locally or

The Corporation will be responsible for creating employment and income opportunities by initiating and operating businesses.

exported. Exports and increased inter-settlement trade offer opportunities to fully utilize commercial hunting quotas.

These initiatives assist and complement the overall NWT Economic Strategy. Taken together they strive to build on the natural and human resources found in the less developed communities and among the majority of the NWT population.

Encouraging New Entrepreneurs

New entrepreneurs provide new jobs for themselves and others. If the number of jobs is to increase, the private sector has to grow and prosper, and the risks of business balanced more evenly with the benefits. Entrepreneurial skills must be developed. Improved business support structures, such as available retail space are also required in many communities.

This Department's strategy which includes the four sector strategies proposes several program and policy initiatives to stimulate the development of local entrepreneurs. The focus will be on the small, less developed communities where few businesses now exist. Plans include consolidating and revising existing business development programs to meet the special needs of small communities and new entrepreneurs. Business services to entrepreneurs throughout the north will be improved, as will the financing available to small entrepreneurs.

2. IMPROVING ACCESS TO CAPITAL - A PLAN TO PROVIDE APPROPRIATE BUSINESS ASSISTANCE

Contributions to businesses and industry associations represent the single largest expenditure of the Department of Economic Development and Tourism. In 1989/90 the Department of Economic Development and Tourism spent an estimated $4.4 million on grants and contributions, over 40% of the total departmental budget. With so much money at stake, government has taken steps to make sure that programs are readily available and respond to the needs of business.

The Department of Economic Development and Tourism has begun several program and policy initiatives to serve the particular business needs of traditional and emerging communities. Furthermore, these programs will better link government support with private sector aspirations and initiatives. In brief, the Department will consolidate existing business assistance programs under a single policy which will permit programs to vary criteria to recognize the higher risks associated with operating a business in emerging or traditional (group 2 or 3) communities. Assistance will provide for the needs of business regardless of their stage of development.

The Business Development Program

Traditional and emerging communities have had restricted access to business support and assistance programs, human resource development programs, and basic equipment and facilities. Eligibility criteria has varied among programs and between sectors and have not always been consistently communicated or

The focus will be on the small, less developed communities where few businesses now exist.

interpreted. In the past, little recognition was given to business assistance needs outside of the 'main stream' urban context. As a result, those small and emerging communities most in need of business assistance have not always benefitted from these programs.

The Department of Economic Development and Tourism has corrected these problems. Application and approval procedures have been streamlined. The wide array of business assistance programs will be consolidated into two new programs, known collectively as the Business Development Fund and the Business Environment Program.

The Business Development Fund provides for the needs of businesses throughout their business cycle, from the idea and start-up stages right through to expansion and modernization.

The Business Environment Program provides assistance to industry associations in the form of core funding and operating subsidies to businesses.

Together these consolidated programs simplify access to business and industry services and provide a full range of business assistance. These consolidated and streamlined programs will reduce the equity requirements for entrepreneurs setting-up or expanding business in emerging and mature communities.

Revisions to Business Loan Fund Program

Among businesses in small and emerging communities lack of access to banks has restricted both their establishment and expansion.

The Business Loan Fund (BLF) provides debt financing to NWT businesses unable to obtain commercial loans. The Department of Economic Development and Tourism will be proposing changes to the Small Business Loans and Guarantees Fund Act to enable the BLF to be more responsive to the needs of small and emerging communities.

Changes to the Act will support businesses which cannot access normal loan financing, give greater autonomy to Loan Boards, stimulate growth in targeted communities and sectors, and improve the overall efficiency of the BLF program. The program will provide flexible financing arrangements to businesses not served by existing financial institutions.

Self Employment Loan Fund (SELF)

Potential business people in small communities most often want to start small. This approach makes sense when one is unfamiliar with the business world, and often unsure of their own skills and capabilities.

The Department of Economic Development and Tourism wants to encourage the entrepreneurial spirit among residents in small isolated communities. The SELF Program is designed to achieve this goal by providing small amounts of start-up capital (less than $3,000) to individuals to engage in business activity. The program will extend a line of credit to local community organizations, who will administer the program. Local community organizations will then be able to lend money to community members.

3. BUY NORTH

Buying North is the way all of us can be involved in improving the economy. When we buy goods and services in the north, we provide more jobs for Northerners, expand business opportunities, and increase the income available to the economy. The impact is enormous.

The Local and Northern Construction, Maintenance and Leasing Strategy, developed by the Department of Public Works, is a closely related initiative which supports the thrust of this strategy.

Buy North Campaign

Buying north is a responsibility of individuals, businesses and governments. The Department of Economic Development and Tourism will implement a "Buy North" promotion campaign. Combined with the initiatives contained in the overall NWT Economic Strategy and each of the department's four sector strategies, many of the barriers which prevent northern business from gaining a competitive edge over southern competitors will be overcome.

4. BENEFITS FROM MAJOR PROJECTS

The exploitation of petroleum and mineral resources in the Northwest Territories has provided economic benefits to Northerners. The GNWT has initiatives underway to further enhance and broaden Northern participation in, and benefit from these industries. The Department of Energy Mines and Petroleum Resources is taking a lead role in maximizing local and northern rewards from non-renewable resources. The department's efforts complement business assistance programs and other government incentives which help Northerners to expand their operations to take advantage of new job and business opportunities in the non-renewable sector.

5.FEDERAL/TERRITORIAL INITIATIVES

Federal-Territorial Cooperative Economic Programs

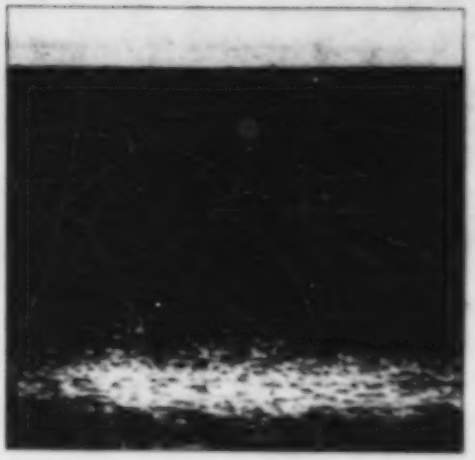
The $38.2 million Federal-Territorial Economic Development Agreement is scheduled to expire in April 1991. Funding provided under this agreement has provided significant stimulus to the NWT economy. It has been particularly important in providing support to industry development. It has not been as effective in developing individual businesses.

The department is now preparing for negotiations for a new generation of Federal-Territorial regional economic development agreements. Through these negotiations the department will be concentrating on the areas where it believes the present agreement has worked well while at the same time avoiding some of the problems which limited its usefulness.

There are several industries such as fishing, forestry and arts and crafts which are in their infancy. In particular, because of the underdeveloped public infra-

structure, the lack of a trained labour force or sufficient participants to share overhead costs, a new entrant must bear the full cost of industrial development. If these industries are to compete or if we are to attract new investors they need our help.

The department will also be seeking new administrative arrangements which will allow access to a number of existing funding sources in addition to funds provided through the new Economic Development Agreements.



SECTION 9

THE RESULTS

This strategy, Building on Strengths – A Community Based Approach, and companion sector strategies propose realistic targets, 'grassroots' solutions to our economic problems, and manageable tools to work with. The strategy is a basic document which deals with fundamental problems - how to alleviate disparities in the NWT, diversify our economy, and make sure Northerners benefit from economic development.

By the year 2000, if we have successfully addressed our problems, we will have achieved our objectives. But, how will we know if our Economic Strategy has been successful? The beneficial results will be:

- More employment opportunities for those who want jobs;
- More and different kinds of jobs in small and medium-sized communities;
- Broader skills and knowledge among a greater number of Northerners;
- Greater equality throughout the NWT in terms of jobs, income, education and business opportunities;
- Economic, as well as social and cultural, benefits for Northerners who want to maintain traditional lifestyles;
- More services and facilities in small and medium-sized communities;
- More goods and services produced and purchased within the NWT;
- Increased co-operation within government, and a clearer understanding of its role in developing the economy;
- Increased co-operation between industry and government, and a clearer understanding of industry's role in developing the economy; and
- Greater economic stability as a result of a more diversified and self-reliant economy.

Over the years, many Northerners have considered economic development the responsibility of experts, business people, industry or government. A growing realization is emerging that economic matters are not mysterious or the private domain of any one part of society.

The current economic situation in the Northwest Territories is influenced by our social and cultural characteristics and the political dynamics in the North. The economic situation in turn, influences the well-being of society in a variety of different ways. These connections made it necessary to involve the entire Government of the Northwest Territories in developing this Economic Strategy.

Government can and will act to create a climate for economic change. However, the success of this strategy, or action plan, rests on the vigorous participation of all Northerners. We have the people and the resources to meet our goals and aspirations. We all have a role in building on our strengths and making the most of what we have.

Our individual decisions to start up a new business, produce more, buy north, acquire new skills or use government money more wisely, will create results which will benefit all of us.

Together we can make a difference - for ourselves, our neighbours, and our children.